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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92053066
Party	Plaintiff Road Tools Inc.
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Reply
Cancellation No. 92-053066

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
TRADEMARK TRIAL AND APPEAL BOARD**

In the matter of U.S. Registration No. 3527661

Mark: **COOLPAD 酷派**

Registration Date: November 4, 2008

Road Tools LLC)	
)	
Petitioner, Counterrespondent)	
)	
v.)	Cancellation No.: 92-053066
)	
Yulong Computer Telecommunication)	
Scientific (Shenzhen) Co., Ltd.)	
)	
Registrant/Counterclaimant)	
)	

PETITIONER'S REPLY TO RESPONSE TO MOTION TO DISMISS

COMES NOW Petitioner, Road Tools, LLC and files this Reply Brief consistent with 37 CFR §2.127(a); TBMP §502.02 and respectfully requests the Board, in its discretion, consider this Reply.

PETITIONER HAS ARTICLE III STANDING UNDER MASSACHUSETTS LAW

Registrant/Counterclaimant Yulong argues that Petitioner's Cancellation must fail for lack of standing at the time of filing in view of an administrative dissolution. In Yulong's

response at page 10 it states that is first affirmative defense for failing to state a claim, is based on its second affirmative defense for lack of standing. Yulong provides no other factual pleadings in support of its first affirmative defense other than collapsing it into its second affirmative defense. In support of Yulong's position, counsel argues Paradise Creations v. UV Sales, Inc., 315 F. 3d 1304 (Fed. Cir. 2003) stands for the proposition that any legal entity which is administratively dissolved cannot file and maintain a cause of action with the Board irrespective of claw-back provisions provided expressly by State law governing the legal entity.

Yulong's counsel misreads the holding and dicta in Paradise Creations. The case is entirely distinguishable and within the very body of the case, the two-judge majority distinguishes the case of Stock Pot Restaurant, Inc. v. Stockpot, Inc., 737 F.2d 1576, 222 USPQ 665 (Fed. Cir. 1984) in which the Federal Circuit, reviewing a TTAB decision concerning the Commonwealth of Massachusetts statutes governing administrative dissolution of an entity as pertains to its trademark rights, concluded that where trademark rights were continuous and not first obtained during the period of dissolution, the retroactive effect of the governing Massachusetts statute permitted standing to maintain a Cancellation at the Trademark Office. Copies of these two controlling decisions are attached at Exhibit One.

The facts as recited in Stock Pot are practically on all fours with the instant fact pattern. The Paradise majority clearly distinguished the facts of the Paradise Creation case where a patent right earned by contract was obtained during the period of dissolution. Conversely, in this trademark case, like the Stock Pot case cited in the Paradise Creation case, Massachusetts law provides a retroactive effect including the right to file a civil action or

Board proceeding. See Paradise Creations 315 F. 3d at f.n. 2 citing Stock Pot 737 F.2d at 1580, 222 USPQ at 668. “The Massachusetts Appeals Court has held, under [the applicable statute] that a revived corporation can maintain an action begun after dissolution but prior to revival.” Id. citing Devlin Construction Corp. v. Driftway South Construction Corp., 14 Mass. App. 954, 437 N.E. 2d 1069(1982). Petitioner is a Massachusetts corporation.

Yulong’s counsel ignored the very language in Paradise Creation and Stock Pot and instead argues that the Paradise Court did not consider the issue of Article III standing at the time of the suit. To the contrary, a fair reading of the Paradise decision establishes that the Court clearly considered the different facts before it. In Paradise a patent assignment occurred subsequent to the date of the complaint filing and therefore at the time of filing, even if retroactively applied as a legal fiction, the Plaintiff concededly did not own any enforceable right in patent at the time of filing. Paradise 315 F. 3d at 1309.

Conversely, in a trademark case, particularly a case where the Petitioner as here has asserted common law rights and federal rights, the retroactive effect of the governing Massachusetts statute provides Petitioner with retroactive standing because it had enforceable trademarks rights continuously. Petitioner has pled continuous use at paragraph 5 of its Cancellation Petition alleging “continuous use of the mark COOLPAD since 1997 to the current day. Hence, the common law trademark rights and federal rights clearly distinguish this fact pattern from the patent decision in Paradise Creations. Counsel for Yulong simply reads the case differently.

In the alternative, even if Yulong’s strict Article III standing interpretation were to be adopted by the Board, under the instant facts, the remedy for Petitioner would be to simply re-file the exact same Petition resulting in the same Answer and kitchen-sink list of

affirmative defenses by Yulong minus the Article III standing issue throughout Yulong's defenses. Petitioner can easily pay the single class filing fee of \$300 again.

The Board has a liberal policy of deciding cases on the merits not technicalities. Judicial efficiency weighs against requiring re-filing under this fact pattern when the proper reading of the case law supports the striking of Yulong's pleadings regarding lack of standing as moot due to a corrected administrative dissolution as revived.

The First Affirmative Defense should be stricken as failing to plead sufficient facts. Yulong's Response merely asserts that its second affirmative defense supports the first. The Second Affirmative Defense should be stricken *sua sponte* as moot as the parties agree on the facts but require the Boards' judicial ruling on the law concerning a revived entity's standing to file and maintain a Board proceeding.

The second affirmative defense asserting lack of standing should be stricken as moot as the parties agree on the facts but simply disagree on the law. It would be judicially inefficient to maintain the case through to a Final Decision only to require re-filing of the case at that time. Absent a dispositive decision by the Board on this narrow issue presented by Motion, Petitioner will be forced to clutter the record with a second duplicate filing. Hence, striking the Second Affirmative Defense as moot under the current facts is appropriate and respectfully solicited.

The third affirmative defense for abandonment remains redundant to Yulong's Counterclaim at Count I. Yulong's Response does not amplify Yulong's claim as asserted, it is merely redundant and should be stricken to clean the record.

The fourth affirmative defense asserting a lack of trademark rights should fail because it is merely a legal conclusion without factual pleading to support it. In Yulong's response a clarification is made of priority and likelihood of confusion conceding this affirmative defense is nothing more than a redundant denial. It should be stricken.

Yulong's fifth affirmative defense is clarified by its response and appears to allege facts that Yulong relied to its detriment on the administrative dissolution record of the Petitioner and as such it has been prejudiced and can properly assert a claim of laches. Whether or not Yulong can meet its burden to prove laches notwithstanding, it must at least plead the necessary facts for a laches defense. This Yulong has not done, its response to the Motion to Strike notwithstanding. The fifth affirmative defense should be stricken without prejudice to allow Yulong to amend its pleading if possible to assert laches with the requisite elements of the affirmative defense. The same applies for Yulong's Sixth affirmative defense for estoppel to the extent it relies on the same arguments Yulong makes as to clarifying its laches defense.

The seventh affirmative defense for acquiescence should be stricken with prejudice because Yulong concedes there was no communications between the parties prior to Yulong receiving notice of the Cancellation Petition. See paragraph 15 of Yulong's Counterclaim. Acquiescence is a type of estoppel that is based on the plaintiff's conduct that expressly or by

clear implication consents to, encourages, or furthers the activities of the defendant. Christian Broadcasting Network Inc. v. ABS-CBN International, 84 USPQ2d 1560, 1573 (TTAB 2007). The elements of an acquiescence defense cannot be maintained without a *prima facie* pleading including some affirmative or active representation that rights would not be asserted. See Motion at page 8. Yulong's Response does not address the lack of a *prima facie* pleading for affirmative defense seven which should be stricken.

Affirmative defenses Eight, Nine, and Ten suffer from the same failing as affirmative defense number Four. These defenses are nothing more than bald legal conclusions without any factual pleadings to support the conclusions. Petitioner has no notice of how to defend these bald legal conclusions because no factual underpinnings are provided.

With respect to Yulong's 11th affirmative defense, Petitioner remains of the opinion that an affirmative defense of trademark misuse is not applicable in a Board proceeding because the Board cannot rule on infringement issues and the defense is only applicable to infringement actions. Yulong cites with authority to a pending board proceeding at page 7 in its response to support the conclusion that "the Board has indeed recognized approving a cause of action for trademark misuse in the matter of North Atlantic Operating Co., Inc., v. DRL Enterprises, Inc., Opp. No. 91-158276. This pending matter with 89 docket entries has no Board recognition document ascertainable. Petitioner remains unaware of any adoption of a trademark misuse affirmative defense in Board proceedings.

Further, as clarified in Yulong's response, its Trademark Misuse affirmative defense is based solely on the administrative dissolution and revival arguments discussed at length supra. Yulong's misuse defense should be stricken as moot in view of the pleadings and undisputed fact that Petitioner has been revived and the applicable State law provides retroactive rights. There are no facts pled that continuing use of trademark by a dissolved legal entity supports a trademark misuse theory irrespective of the revived status of record. The entire misuse argument is merely a red herring thrown into Yulong's kitchen-sink defenses.

As for the affirmative defense No. 12, Yulong concedes the redundancy issue failing to respond to the Motion with respect to Yulong's 12th affirmative defense. It should be stricken with prejudice as redundant to Yulong's denials.

CONCLUSION

For the foregoing reasons, Petitioner respectfully requests that the Board dismiss Count II and strike Registrant's First, and Third through Twelfth affirmative defenses. Further the Board should strike the Second affirmative defense *sua sponte* for judicial efficiency as the issue is legally moot.

Respectfully submitted,
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Reply
Cancellation No. 92-053066

Fax: (703) 518-5499
January 28, 2011

Reply
Cancellation No. 92-053066

Certificate of Service

I hereby certify that a copy of the foregoing Reply has been forwarded to Registrant's currently listed correspondence address and contact information according to the current records as contained in the U.S. Patent and Trademark Office records as appears below, by prepaid United States mail this day, January 28, 2011.

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Jeffrey H. Greger

315 F.3d 1304
PARADISE CREATIONS, INC., Plaintiff-Appellant,
v.
UV SALES, INC., Defendant-Appellee.
No. 02-1283.
United States Court of Appeals, Federal Circuit.
DECIDED: January 3, 2003.
Page 1305

Elliot H. Scherker, Greenberg Traurig, P.A., of Miami, FL, argued for plaintiff-appellant.

Kyle B. Fleming, Baker & Hostetler LLP, of Cleveland, OH, argued for defendant-appellee. With him on the brief was Thomas H. Shunk.

Before LOURIE, BRYSON, and DYK, Circuit Judges.

DYK, Circuit Judge.

This case presents the question of whether a suit for patent infringement must be dismissed for lack of Article III standing because the plaintiff corporation claimed its patent rights under a contract executed at a time when it was administratively dissolved. Paradise Creations, Inc. ("the appellant") appeals the final judgment of the United States District Court for the Southern District of Florida. The district court granted summary judgment in favor of the defendant, U V Sales, Inc. ("the appellee"), and dismissed the appellant's claim for patent infringement for

Page 1306

lack of standing. *Paradise Creations, Inc. v. U V Sales, Inc.*, No. 00-8898 (S.D.Fla. Nov. 13, 2001). We hold that the appellant lacked standing and that the district court properly dismissed the case. We accordingly affirm the judgment of the district court.

BACKGROUND

The appellant was incorporated under the laws of Florida on March 13, 1985. On August 23, 1996, the appellant was administratively

dissolved for failing to file its annual report, pursuant to Florida Corporation Statutes, chapter 607.1622(8), which provides: "[a]ny corporation failing to file an annual report ... shall be subject to dissolution or cancellation of its certificate of authority to do business as provided in this act." Fla. Stat. ch. 607.1622(8) (2001). The appellant remained administratively dissolved until it obtained reinstatement on June 29, 2001, after the filing of the complaint in this action.

During the period of its dissolution, the appellant entered into an agreement with Leon Hayduchok, whereby it alleges it obtained exclusive rights to the patent in suit, U.S. Patent No. 4,681,471 ("the '471 patent"). Under the agreement, Hayduchok, who was one of the named inventors listed in the patent, granted to the appellant "the exclusive, unlimited, irrevocable, world-wide right and license" to the '471 patent, effective October 14, 1997. (J.A. at 113). The appellant also relies on two letters, dated April 7, 1999, and May 13, 1999, in which Hayduchok and the other named inventor listed in the patent, Leopold Strauss, are alleged to have resolved litigation between each other regarding ownership of the '471 patent, and consented to continued enforcement and licensing of the patent by the appellant. Like the 1997 licensing agreement, these letters were written during the period of the appellant's administrative dissolution.

The appellant initiated this action by filing a complaint for patent infringement against the appellee in the United States District Court for the Southern District of Florida on September 29, 2000, during the period that the appellant was administratively dissolved.

On June 22, 2001, the appellee filed a motion for summary judgment, alleging that because the appellant had been administratively dissolved since August 1996, it did not have capacity to sue under Florida law or standing to invoke the district court's jurisdiction under Article III of the United States Constitution. The appellee argued that the appellant lacked capacity under Florida Corporation Statutes chapter 607.1622(8), which provides, "[a]ny corporation failing to file an annual report ... shall not be permitted to maintain or defend any action in any court of this state." The appellee further argued that because Florida law prohibits dissolved corporations from conducting business except that necessary to wind up and liquidate their business and affairs, the agreements the appellant entered into while administratively dissolved did not transfer enforceable patent rights to the appellant during the period of dissolution. Therefore, the appellee argued, the appellant did not have sufficient interest in the patent at suit to establish standing.

As noted above, on June 29, 2001, the appellant obtained reinstatement as a corporation from the Florida Department of State.

On July 2, 2001, the appellant filed a motion for leave to file an amended complaint, pursuant to Rule 15(a) of the Federal Rules of Civil Procedure. The appellant sought to join Hayduchok and Strauss as plaintiffs, as well as other parties. On August 9, 2001, the district court denied the appellant's motion without prejudice, holding that "[a]lthough leave to amend

Page 1307

shall be 'freely given,' Defendant correctly argues that subsequent attempts to 'fix' deficient standing by adding additional plaintiffs are futile." (J.A. at 214).¹

On August 16, 2001, the appellant filed an opposition brief to the appellee's motion for summary judgment. The appellant argued that although it was administratively dissolved at the time it obtained exclusive rights to the patent

and at the time it filed suit, under Florida Corporation Statutes chapter 607.1422(3), when an administratively dissolved corporation is reinstated, the reinstatement "relates back to and takes effect as of the effective date of the administrative dissolution and the corporation resumes carrying on its business as if the administrative dissolution had never occurred." (J.A. at 227, quoting Fla. Stat. ch. 607.1422(3) (2001)). According to the appellant, its reinstatement retroactively gave it the capacity to sue and standing to assert federal jurisdiction at the time it filed its complaint. (J.A. at 228).

On November 13, 2001, the district court granted the appellee's motion for summary judgment. The court held that standing in federal court is a matter of federal law, and "depends upon the state of things at the time of the action brought." *Paradise Creations*, No. 00-8898, slip op. at 5 (quoting *Keene Corp. v. United States*, 508 U.S. 200, 207, 113 S.Ct. 2035, 124 L.Ed.2d 118 (1993)). Therefore, the court reasoned, the Florida Corporation Statutes could not retroactively create jurisdiction where it was lacking at the time the action was filed. *Id.* at 7. The court noted that the "Plaintiff does not dispute" that the agreements it relied upon as its basis for rights in the patent "were not valid during the time that Plaintiff was dissolved." *Id.* at 6. Therefore, the court held, the appellant did not have enforceable rights to the '471 patent on the day it filed its complaint and could not establish federal standing. *Id.* at 7.

The appellant timely filed this appeal. This court has jurisdiction pursuant to 28 U.S.C. § 1295(a)(1).

DISCUSSION

I

We review the district court's grant of summary judgment without deference. *Schumer v. Lab. Computer Sys., Inc.*, 308 F.3d 1304, 1310, 64 USPQ2d 1832, 1837 (Fed.Cir.2002). This court reviews questions of law, including standing and capacity to sue under Federal Rule of Civil Procedure 17(b), without deference.

Lans v. Digital Equip. Corp., 252 F.3d 1320, 1328, 59 USPQ2d 1057, 1061 (Fed.Cir. 2001).

II

It appears that under Florida law, the appellant had capacity to sue at the time of the complaint, at least insofar as the suit for patent infringement was "necessary to wind up and liquidate its business and affairs." Fla. Stat. ch. 607.1421(3) (2001). Under Federal Rule of Civil Procedure 17(b), "[t]he capacity of a corporation to sue or be sued shall be determined by the law under which it was organized." The Florida courts are now apparently unanimous that, although under chapter 607.1622 a corporation loses its capacity to sue if it fails to file an annual report, once it is administratively dissolved, somewhat paradoxically it regains capacity to sue under chapters 607.1421(3) and 607.1405(2)(e), as "necessary to wind up and liquidate its business and affairs." *Cygnat Homes, Inc. v. Kaleny Ltd. of Fla.*, 681 So.2d 826, 826 (Fla. 5th Dist.Ct.App.1996), (quoting Fla. Stat.

Page 1308

ch. 607.1421(3)); *Nat'l Judgment Recovery Agency, Inc. v. Harris*, 826 So.2d 1034, 1035 (Fla. 4th Dist.Ct.App.2002) (overruling its precedent to the contrary and adopting the rule of *Cygnat*). Because the appellant was administratively dissolved on August 23, 1996, before having filed its complaint, it had capacity to sue under Florida law, as necessary to wind up its business and affairs.

III

However, regardless of whether the appellant had capacity to sue, it must establish that it had standing under Article III of the Constitution at the time it filed suit. Whether a party has standing to sue in federal court is a question of federal law. *Baker v. Carr*, 369 U.S. 186, 204, 82 S.Ct. 691, 7 L.Ed.2d 663 (1962). Article III standing, like other bases of jurisdiction, generally must be present at the inception of the lawsuit. *Lujan v. Defenders of*

Wildlife, 504 U.S. 555, 570 n. 5, 112 S.Ct. 2130, 119 L.Ed.2d 351 (1992) (plurality opinion) ("[S]tanding is to be determined as of the commencement of suit."); see also *Keene Corp. v. United States*, 508 U.S. 200, 207, 113 S.Ct. 2035, 124 L.Ed.2d 118 (1993) ("[T]he jurisdiction of the Court depends on the state of things at the time of the action brought."); *Arizonans for Official English v. Arizona*, 520 U.S. 43, 64, 67, 117 S.Ct. 1055, 137 L.Ed.2d 170 (1997) (holding that standing is an aspect of the case or controversy requirement, which must be satisfied "at all stages of review").

To demonstrate standing under Article III, the plaintiff must satisfy three elements. First, the plaintiff must allege that it has suffered an "injury in fact" — an invasion of a legally protected interest." *Lujan*, 504 U.S. at 560, 112 S.Ct. 2130. Second, "there must be a causal connection between the injury and the conduct complained of." *Id.* And third, "it must be 'likely,' as opposed to merely 'speculative,' that the injury will be 'redressed by a favorable decision.'" *Id.* at 561, 112 S.Ct. 2130 (quoting *Simon v. E. Ky. Welfare Rights Org.*, 426 U.S. 26, 38, 43, 96 S.Ct. 1917, 48 L.Ed.2d 450 (1976)). The Patent Act provides that only "[a] patentee shall have remedy by civil action for infringement of his patent." 35 U.S.C. § 281 (2000); *Mentor H/S, Inc. v. Med. Device Alliance, Inc.*, 240 F.3d 1016, 1018, 57 USPQ2d 1819, 1821 (Fed.Cir.2001). Under 35 U.S.C. § 100(d), "[t]he word 'patentee' includes not only the patentee to whom the patent was issued but also the successors in title to the patentee." Exclusive licensees holding all substantial rights to the patent meet this standard. *Prima Tek II, L.L.C. v. A-Roo Co.*, 222 F.3d 1372, 1377, 55 USPQ2d 1742, 1745 (Fed.Cir.2000); see also *Rhone-Poulenc Agro, S.A. v. DeKalb Genetics Corp.*, 284 F.3d 1323, 1334, 62 USPQ2d 1188, 1195 (Fed.Cir.2002).

The appellee argues that the appellant did not have enforceable patent rights during the period of its administrative dissolution, and therefore, did not hold such rights to the patent at the time it filed suit. Florida Corporation Statutes chapter 607.1421(3) provides: "[a]

corporation administratively dissolved continues its corporate existence but may not carry on any business except that necessary to wind up and liquidate its business and affairs." The appellee contends, without citation to any authority, that a contract entered into in violation of chapter 607.1421 cannot grant enforceable rights under Florida law, during the period of corporate dissolution. The appellant does not challenge this construction of the statute, thus admitting that it did not hold enforceable patent rights when the suit was filed. Instead, the appellant relies wholly on the theory that when it gained reinstatement, under Florida Corporation Statutes chapter

Page 1309

607.1422, this reinstatement related back to the date of dissolution. Therefore, the sole issue on appeal is whether a state corporate revival statute can retroactively confer Article III standing where it did not exist at the time the complaint was filed.

IV

Florida Corporation Statutes chapter 607.1422(3) provides: "[w]hen the reinstatement is effective, it relates back to and takes effect as of the effective date of the administrative dissolution and the corporation resumes carrying on its business as if the administrative dissolution had never occurred." The appellant contends that, pursuant to this statute, its licensing agreement was retroactively validated upon reinstatement, and that it constructively held enforceable patent rights on the day it filed its complaint. The appellee counters that whatever the effect of the corporate revival statute in Florida State courts, it cannot retroactively confer standing in federal court. We agree with the appellee.

As noted above, whether a party has standing to assert the jurisdiction of a federal court is a question of federal law, and "standing is to be determined as of the commencement of suit." *Lujan*, 504 U.S. at 570 n. 5, 112 S.Ct. 2130. Accordingly, this court has determined

that in order to assert standing for patent infringement, the plaintiff must demonstrate that it held enforceable title to the patent *at the inception of the lawsuit*. *Lans*, 252 F.3d at 1328, 59 USPQ2d at 1061 (holding that the appellant did not have standing, because he had already assigned title to the patent at the inception of the lawsuit); *Enzo APA & Son, Inc. v. Geapag A.G.*, 134 F.3d 1090, 1092, 45 USPQ2d 1368, 1370 (Fed.Cir. 1998) (holding that a licensee lacked standing where there was no written transfer of rights under the patent at the time the infringement claims were brought); *Jim Arnold Corp. v. Hydrotech Sys., Inc.*, 109 F.3d 1567, 1572, 42 USPQ2d 1119, 1123 (Fed.Cir.1997) (holding that an assignor lacked standing, because it had not succeeded in rescinding or canceling its assignment in state court at the time it filed its complaint in federal court); *Gaia Techs., Inc. v. Reconversion Techs., Inc.*, 93 F.3d 774, 778, 39 USPQ2d 1826, 1830 (Fed.Cir.1996) (holding that the plaintiff's patent and trademark infringement claims were required to be dismissed for lack of standing, because of its "inability to prove that it was the owner of the Intellectual Property at the time the suit was filed"), *as amended on rehearing on different grounds*, 104 F.3d 1296, 41 USPQ2d 1134 (Fed.Cir.1996); *cf. Matos v. Sec'y of Dep't of Health & Human Servs.*, 35 F.3d 1549, 1553 (Fed.Cir.1994) (holding that a jurisdictional defect created by the plaintiff's filing of a parallel action in state court cannot be cured by a *nunc pro tunc* order in the state court purporting to retroactively dismiss the state action).

In *Enzo*, the plaintiff claimed title to the patent under an exclusive license. 134 F.3d at 1092, 45 USPQ2d at 1370. As proof of title, the plaintiff produced a written agreement that was executed after the inception of the lawsuit, but which, by its terms, was retroactive, purportedly taking effect prior to the filing of the complaint. *Id.* This court determined that "[i]t is clear from the record that there was no writing transferring all substantial rights under the '274 patent to Geapag at the time it brought suit." *Id.* at 1093, 45 USPQ2d at 1370. We determined that "[a]s a general matter, parties should possess rights

before seeking to have them vindicated in court," 134 F.3d at 1093-94, 45 USPQ2d at 1371 (quoting *Procter & Gamble Co. v. Paragon Trade Brands, Inc.*, 917 F.Supp. 305, 310, 38 USPQ2d 1678, 1682 (D.Del. 1995)), and therefore held that the retroactive licensing agreement was "not sufficient

Page 1310

to confer retroactive standing." *Id.* We see no meaningful distinction between a contract provision that purports to vest title retroactively in the plaintiff and a state law that is alleged to vest enforceable title retroactively. We therefore hold that the rule of *Enzo* applies to this case.

This case is distinguished from *Mentor H/S, Inc.*, 240 F.3d at 1019, 57 USPQ2d at 1821. In that case, we held that an exclusive licensee with less than all substantial rights in the patent did not have the right to sue under the Patent Act at the inception of the lawsuit, but could cure the defect by filing a motion to join the patentee as a plaintiff. *Id.* In that case, the plaintiff had a cognizable injury at the inception of suit for the purpose of Article III standing, based on its exclusive license to the patent. *Id.* at 1018, 57 USPQ2d at 1821. Unlike in *Mentor*, however, the appellant in this case held no enforceable rights whatsoever in the patent at the time it filed suit, and therefore lacked a cognizable injury necessary to assert standing under Article III of the Constitution. *See Lujan*, 504 U.S. at 560, 112 S.Ct. 2130. Such a defect in standing cannot be cured after the inception of the lawsuit.²

In summary, at the time the appellant filed its suit, it agrees that it did not have enforceable rights to the patent and did not have standing to assert federal jurisdiction. It cannot rely on the Florida corporate revival statute to retroactively claim enforceable patent rights on the day it filed its complaint, in order to assert standing. We express no opinion as to whether in a newly filed action, the corporate reinstatement of the plaintiff, which lifted Florida's bar on enforcement of any contract rights acquired during the period of its dissolution, would allow

the plaintiff to sue for damages for infringement occurring during the dissolution period.³

Accordingly, we hold that this case was properly dismissed for want of standing, though the plaintiff may refile the action.

CONCLUSION

For the foregoing reasons, the judgment of the district court is

AFFIRMED.

Page 1311

COSTS

No costs.

Notes:

1. The appellant does not appeal this order.
2. The appellant also relies on *Stock Pot Restaurant, Inc. v. Stockpot, Inc.*, 737 F.2d 1576, 222 USPQ 665 (Fed.Cir.1984), and *Joseph A. Holpuch Co. v. United States*, 102 Ct.Cl. 795, 58 F.Supp. 560 (1945). In *Stock Pot*, the appellee was a dissolved Massachusetts corporation at the time it filed suit and therefore did not have capacity to sue under Massachusetts law. 737 F.2d at 1580, 222 USPQ at 668. During the course of proceedings, the appellee obtained reinstatement and, pursuant to a Massachusetts corporate revival suit, reobtained capacity to sue. *Id.* We gave effect to the state statute and held that the appellee could continue in the action. *Id.* However, we did not consider whether the appellee lacked Article III standing due to its lack of capacity to sue when the suit was brought. Nor was there an allegation in *Stock Pot* that the appellee obtained the rights to its intellectual property during the period of dissolution. *Holpuch* is also inapposite, because in that case the dissolved corporation had been reinstated long before the suit was brought. 58 F.Supp. at 564.
3. It may be that Florida law only bars the dissolved corporation from enforcing the contract during the period of dissolution, but allows it to acquire title during dissolution. *See, e.g., Miller v. Celebration Mining Co.*, 29 P.3d 1231 (Utah 2001) (holding that

under Utah law, a contract entered into by an administratively dissolved corporation *may be voided* by the other party to the contract, but is not automatically void); *White v. Dvorak*, 78 Wash.App. 105, 110, 896 P.2d 85 (1995) (although dissolution terminates a corporation's power to enter into a contract unrelated to winding up its affairs and liquidating its assets, "the contract is not absolutely void or completely unenforceable"). These appear to be questions of first impression under Florida law, and we need not address them here.

LOURIE, Circuit Judge, dissenting.

I respectfully dissent from the majority's decision holding that Paradise lacked Article III standing to bring its lawsuit during the period of its administrative dissolution.

The requirements of Article III standing, as set forth in the majority opinion, *ante* at 1308 (citing *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560-61, 112 S.Ct. 2130, 119 L.Ed.2d 351 (1992) (plurality opinion)), were fully satisfied under the facts of this case. Provided that Paradise had legal capacity under the law of Florida, *see infra*, it had been granted an exclusive license under the patent¹ and hence suffered an injury in fact from infringement; there is a causal connection between injury suffered by a patentee (or one who stands in the patentee's shoes) and allegedly infringing acts; and it is likely that such injury is redressable by winning a patent infringement suit. Thus, Article III standing was established.

The only issue here is whether the administrative dissolution deprived Paradise of its entitlement to bring the lawsuit. That is a matter of state, *viz.*, Florida law, as the existence and capacity of a corporation are governed by state law.

Paradise was temporarily impaired as a corporation under Florida law. In fact, if Paradise had not been reinstated under chapter 607.1422 of the Florida Statutes, then the only acts it would have been entitled to take would relate to winding up and liquidating its business. Fla. Stat. ch. 607.1421(3). However, chapter 607.1422 revived the corporation and permitted it to carry on its business "as if the administrative dissolution had never occurred." Fla. Stat. ch. 607.1422(3). Thus, the acts of the corporation while it was administratively dissolved were restored. No Article III issue is involved.

As for the so-called "admission" during oral argument by Paradise, I understand that admission to be only that, during the period of dissolution, before reinstatement, Paradise lacked capacity to do business, which is no more than saying what chapter 607.1421 provides, until chapter 607.1422 has come into effect.

I also do not believe that *Enzo* governs this case. I see a meaningful difference between a party that had not entered into the contract before suit (the plaintiff in *Enzo*) and one who had (Paradise), but whose corporate capacity to transact business was temporarily defective. The other cases are similarly distinguishable.

Thus, I would reverse the decision of the district court holding that Paradise lacked Article III standing to bring this suit.

Notes:

1. I do not purport to evaluate here whether the nature of the rights granted under the license entitled Paradise to sue; I assume it for purposes of this issue before us.

dite the litigation. The court concluded that trying the equitable misuse defense before a judge did not violate plaintiff's right to a jury trial. The decision in Yarn Processing, therefore, has no bearing on this case where all issues were to be tried to the jury.

IV. Prejudgment Interest

[13] The trial court denied Bio-Rad's request for prejudgment interest before the United States Supreme Court decision in *Devex Corp. v. General Motors Corp.*, 217 USPQ 1185, 51 U.S.L.W. 4613 (U.S. Sup.Ct. May 24, 1983) was available. In that case, the Supreme Court said that prejudgment interest is compensatory, not punitive, and should be awarded under 35 U.S.C. §284 absent some justification for withholding such award. Here the district court denied prejudgment interest but did not indicate that there was any reason for denying prejudgment interest. The determination of whether such a reason is present is for the trial court to ascertain in the first instance. We therefore *vacate* the trial court's denial of prejudgment interest and *remand* for an award of prejudgment interest or a determination that some specific justification exists for denying prejudgment interest. In all other respects, the judgment is *affirmed*.

Affirmed-in-Part, Vacated-in-Part, and Remanded

Court of Appeals, Federal Circuit

Stock Pot Restaurant, Inc. v. Stockpot, Inc.

No. 84-681

Decided July 9, 1984

TRADEMARKS

1. Court of Appeals for the Federal Circuit — Weight given decision reviewed (§26.59)

TTAB factual findings are appraised to determine whether they are "clearly" or "manifestly" wrong or erroneous; even though they are based on documentary evidence and written transcriptions of oral testimony given in depositions.

2. Evidence — Of use (§67.339)

Advertisements can supply proof of use of service mark.

3. Court of Appeals for the Federal Circuit — Weight given decision reviewed (§26.591)

Reviewing court must be presented with much more than list of minor, and seemingly inadvertent, discrepancies to warrant displacing trier's factual determinations.

4. Title — Assignments — In general (§66.101)

Restaurant lease granting lessee exclusive use of mark during lease term, option to purchase equipment and dishes, plus goodwill, as well as mark, during lease term, and containing restrictive covenant by tenant not to compete for year after end of lease, does not constitute "naked" assignment of mark without goodwill.

5. Title — Licenses — In general (§66.401)

Lease provisions that expressly granted lessor certain rights of control, testimony as to general knowledge lessor continued to have of restaurant's operations and her supervision when necessary, close relationship between lessor and lessee, and testimony that lessee used same menus, served same food, and jointly advertised with lessor, was adequate to support finding that lease was not naked license of trademark.

6. Abandonment — In general (§10.1)

Mass. Ann. Laws Ch. 156B, Section 108, which provides that on filing of revival certificate corporation shall stand revived with same powers, duties and obligations as if it had not been dissolved, gives retroactive effect to revival, including propriety of lessor's continued use of mark.

7. Court of Appeals for the Federal Circuit — Weight given decision reviewed (§26.59)

Trial tribunal's denial of FedRCivP 41(b) motion to dismiss for failure to comply with court rule or order can be reversed on appeal only for abuse of discretion.

8. Cancellation — Pleading and practice — In general (§67.1811)

TTAB did not abuse its discretion in holding untimely, motion calling for involuntary dismissal that was not filed until after hearing and some eight months after nonappearance of witness whose failure to appear, after notice, at deposition was predicate for motion.

9. Concurrent use proceedings — In general (§67.231)

Attempt to interject possibility of concurrent use proceeding in connection with cancellation proceeding is unavailing.

10. Cancellation — Pleading and practice — In general (§67.1811)

Proof of pecuniary damage is not prerequisite in cancellation proceeding, but merely that cancellation petitioner should have "real interest."

11. Cancellation — Marks and use of third parties (§67.179)

It is irrelevant in cancellation proceeding that others without federal registrations may have been using same mark for same purposes; conflict is between petitioner and respondent, and not between petitioner and world.

12. Cancellation — In general (§67.171)

Cancellation may be sought and obtained by petitioner that has rights superior to respondent.

Appeal from Patent and Trademark Office Trademark Trial and Appeal Board; 220 USPQ 52.

Trademark cancellation No. 13,157, by Stockpot, Inc., against Stock Pot Restaurant, Inc., Registrations No. 1,116,226, issued Apr. 3, 1979, and No. 1,117,942, issued May 8, 1979. From decision granting petition, respondent appeals. Affirmed.

Ernest S. Kettleson, Joliet, Ill., for appellant.

Mary Helen Gallagher, Washington, D.C. (John Vanderstar, Washington, D.C., on the brief) for appellee.

Before Friedman and Davis, Circuit Judges, and Skelton, Senior Circuit Judge.

Davis, Circuit Judge.

Stock Pot Restaurant, Inc. appeals from a decision of the Trademark Trial and Appeal Board (Board of TTAB), granting the petition (Cancellation No. 13,157) of appellee Stockpot, Inc. to cancel two of appellant's registrations of "STOCK POT" for restaurant services (Registration Nos. 1,116,226 and 1,117,942). 220 USPQ 52 (1983). The ground of the cancellation was that appellee's continued use of that mark for restaurant service was prior to appellant's. We affirm.

I

Both parties to this appeal operate the same general type of restaurant, using virtually identical marks. Appellant employs "STOCK POT" in its Joliet, Illinois restaurant, while appellee has its restaurant (and gourmet shop) in Stockbridge, Massachusetts, using "STOCKPOT." Both enterprises cater to people from various parts of the country. It is agreed that the marks are confusingly similar, and, each having been used together with the representation of a kettle or pot, they evoke the same commercial impression. It is also common ground that neither party knew of the other's use of the mark until almost the time this cancellation proceeding was begun in November 1981.

Appellant applied in 1978 for registration of the two marks for "restaurant service," one for "STOCK POT" and the other for "STOCK POT and DESIGN" (the design being the words "STOCK POT" superimposed on a kettle over a brazier), with first use claimed since November 15, 1975. Registration was allowed in 1979. Appellee does not have a registration for its mark but claims prior use continuously since March 1973. The petition to cancel appellant's registration rests on that claim of prior use. After evaluating the record, including deposition testimony from the principals of each side, the Board held appellee had made prior use of the marks, rejected appellant's dispositive factual and legal contentions, and cancelled appellant's registrations. Reconsideration was denied in an opinion.

II

[1] Some of the major issues appellant presents to us center primarily on the Board's findings of fact, particularly that (A) appellee used its almost identical mark for restaurant services from a date prior to appellant's use; and (B) there was no interruption (as claimed by appellant) in appellee's use of the mark from May 1977 through April 1978. The Joliet company sharply challenges the Board's factual findings on those (and other) matters. This calls upon us to appraise the TTAB's factual findings to determine whether they are "clearly" or "manifestly" wrong or erroneous. *Joseph & Feiss Co. v. Joseph Kanner Hat Co., Inc.*, 337 F.2d 1014, 1015, 143 USPQ 297, 298 (CCPA 1964); *Ranney v. Bridges*, 188 F.2d 588, 596, 89 USPQ 419, 427 (CCPA 1951). See also *In re Wilder*, No. 83-1360, slip op. at 9, 10, 222 USPQ at 372 (Fed. Cir., June 20, 1984); *In re Blauwe*, No.

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84-513, slip op. at 10, 222 USPQ at 195 (Fed. Cir., June 8, 1984). That standard governs our review of the agency's factual findings even though they are based on documentary evidence and written transcriptions of oral testimony given in depositions. See *Bose Corp. v. Consumers Union of States, Inc.*, 52 U.S.L.W. 4513, 4517 (U.S. April 30, 1984) (applying the same principle to comparable Fed. R. Civ. P. 52(a)). Despite appellant's apparent position on this appeal,¹ we cannot simply decide for ourselves whether we would make the same factual determinations as the Board did. On the contrary, we must accept the TTAB's factual findings unless they are clearly wrong. In this case, giving the proper weight to the Board's findings, there is no ground for overturning them.

[2,3] A. There was specific and detailed testimony (credited by the Board) from Mrs. Mitchell, appellee's principal, that appellee opened a restaurant in Stockbridge and used the mark "STOCKPOT" in connection with that restaurant in April 1973 — some two and one-half years prior to appellant's use of its mark — and that such use was continued thereafter. This testimony was corroborated by a contemporaneous restaurant guest book signed by guests, as well as by several separate advertisements for the restaurant, and by published items about the restaurant (all using the "STOCKPOT" mark). The absence of menus, signs, or photographs — from the pre-November 1975 period — showing the then use of "STOCKPOT" did not preclude the TTAB from finding such prior use, on the basis of the specific Mitchell testimony and the confirming written materials.² In an effort to discredit Mrs. Mitchell's testimony, appellant points out a number of alleged inconsistencies, and accuses her of false statements. We are not convinced by these assertions, singly or collectively, that her evidence was untrustworthy or that the Board could not credit it. Appellant forgets both that the trier did believe Mrs. Mitchell, and that a reviewing court must be presented with much more than a list of minor (and seemingly inadvertent) discrepancies to warrant displacing the trier's factual determinations.

B. Appellant argues that, in any event, appellee's continuous use of its mark was

interrupted in 1977-1978 when the Stockbridge restaurant and the mark were leased for one year (with lessee's options to renew which were not exercised) to Sandra Phillips, at that time a key employee in appellee's restaurant. The written lease undoubtedly granted Mrs. Phillips the restaurant premises and equipment and "the exclusive use of the name 'The Stockpot Restaurant' during the term of this Lease." The Board found explicitly that Phillips actually operated the restaurant during the leased year and used the "STOCKPOT" mark.

Appellant attacks this finding as unsupported by evidence. Again, we must uphold the TTAB. Mrs. Mitchell, who was daily present in the same building and had full opportunity to observe,³ testified fully as to the Phillips operation and that it carried on with the same menus and in the same manner as previously; in addition, Mrs. Mitchell had a joint venture, during the lease term, for advertising the restaurant together with the gourmet shop (appellee retained the latter). Only the most crabbed and one-sided reading of the evidence could possibly lead to the conclusion that the Board could not properly find the contested mark to have been used for the restaurant. It is impossible for us to overturn the Board's emphatic determination, in its opinion on reconsideration, that "We never had any doubt, based on the record, that there was continuous use by Phillips of 'STOCKPOT' for restaurant service through the period of the lease and we do not have any now."

[4] Entwined with the lease to Mrs. Phillips is appellant's claim that appellee abandoned the mark at that time through that lease, i.e., that at best the assignment was of a "naked trademark" or was a "naked license," both signifying abandonment of rights to the mark.⁴ The Board correctly interpreted the lease terms — including the grant to the lessee of exclusive use of the mark "The Stockpot Restaurant" during the lease term; the lessee's option to purchase the equipment and dishes, etc. plus goodwill as well the mark, during the lease term (an option not exercised); and the restrictive covenant by the tenant not to compete for a year after the end of the lease — as *not* constituting a "naked" assignment of the mark without goodwill. 220 USPQ at 57. We agree with that discussion.

¹ Appellant argues the case to us as if we were the triers of the facts.

² Advertisements can clearly supply proof of use of a service mark (such as involved here). See 15 U.S.C. §1127 (definition of "service mark"); 1 T.J. McCarthy, *Trademarks & Unfair Competition* ¶16.11, at 744 (1984).

³ The restaurant was a part of a structure which contained the Mitchell home and also a gourmet shop operated by appellee.

⁴ The additional argument that appellant abandoned the mark through a temporary dissolution of the corporation in 1979-1982 is dealt with in Part III, *infra*.

[5] As for the position that the license to Mrs. Phillips was "naked" — without any control by appellant of the nature and quality of the restaurant services — the TTAB found that in fact Mrs. Mitchell exercised sufficient control throughout the one-year lease. Here, too, there was adequate evidence to sustain that finding, in (1) those lease provisions that expressly granted appellant certain rights of control; (2) Mrs. Mitchell's detailed testimony as to the general knowledge she continued to have of the restaurant's operations, and her supervision when necessary; (3) Mrs. Mitchell's close relationship to Mrs. Phillips who had previously worked as her "right hand" in the restaurant; and (4) the testimony that Mrs. Phillips used the same menus, served the same food as had appellant, and jointly advertised with Mrs. Mitchell. The Board specifically and permissibly found "not only that there was no depreciation of the quality of the restaurant services rendered during the period of the lease but that the value of the goodwill continued to increase during this period." 220 USPQ at 60. Thus, appellee continued to benefit from the use of the mark.

III

Appellee was dissolved in January 1979 as a Massachusetts corporation after its former accountant failed to file certain required reports with the Commonwealth; this dissolution was not discovered by appellee until appellant raised that issue early in the cancellation proceeding. Appellee then cured the problem by filing the necessary reports and the corporation was reinstated by Massachusetts on September 3, 1982, by the grant of a certificate reviving the corporation. Nonetheless, appellant insists that this temporary dissolution means that, first, appellee has no authority to prosecute this cancellation proceeding, and, second, because of the interim dissolution appellee must be deemed to have abandoned the "STOCKPOT" mark.

[6] The easiest answer to both contentions lies in the Massachusetts law (taken together with the undisputed fact that "there was, in fact, no cessation of activities under the 'STOCKPOT' mark" during the period of dissolution, 220 USPQ at 61). Section 108 of the pertinent state statute (Mass. Ann. Laws Ch. 156B) provides that on the filing of a revival certificate the "corporation shall stand revived with the same powers, duties and obligations as if it had not been dissolved" (except as otherwise provided in the certificate) and all corporate acts "which would have been legal and valid but for such dissolution, shall, except as aforesaid, stand ratified

and confirmed." The Massachusetts Appeals Court has held, under this statute, that a revived corporation can maintain an action begun after dissolution but prior to revival. *Devlin Construction Corp. v. Driftway South Construction Corp.*, 14 Mass. App. 954, 437 N.E. 2d 1069 (1982). Furthermore, by its very terms Section 108 supra, shows that, after revival, the corporation normally stands, with respect to the acts done during the interim period, as if it had not been dissolved. Appellant cites a statement in *Salvato v. Di Silva Transportation Co.*, 329 Mass. 305, 108 N.E.2d 51 (1952), that the carrying on of the original business of a dissolved corporation would be ultra vires (except for the purposes of winding up), but that statement plainly refers only to the prohibition in Section 102 of the statute against the carrying on by a dissolved (but not revived) corporation of its regular business. Appellant's revival in 1982 brought Section 108, supra, into play, and that provision gave retroactive effect to the revival, including the propriety of appellant's continued use of the mark.

IV

The Board rejected appellant's motion for involuntary dismissal under Rule 41(b) of the Federal Rules of Civil Procedure,⁵ a motion predicated on Mrs. Mitchell's failure to appear (after notice) at a deposition set by appellant in Illinois during its own testimony period and primarily for its own evidence.⁶ The grounds for denying the motion were that it was "clearly untimely" and "not appropriate under our practice," 220 USPQ at 55 n.7. This is said to be error.

[7,8] A trial tribunal's denial of a Rule 41(b) motion to dismiss for failure to comply with a court rule or order can be reversed on appeal only for abuse of discretion. 5 Moore's Federal Practice, ¶41.12 at 41-169, including n.39 (2d ed. 1982). It is enough here — without passing on what is the proper TTAB practice — that the Board's determination that the motion was untimely was not an abuse of discretion. The failure of Mrs. Mitchell to appear in Illinois occurred on October 19, 1982. The record was then completed, briefs were filed by both sides, and the

⁵ Appellant apparently relies on the following portion of Rule 41(b): "For failure of the plaintiff to prosecute or to comply with these rules or any order of court, a defendant may move for dismissal of an action or of any claim against him * * *."

⁶ No subpoena had been served on Mrs. Mitchell who resides in Massachusetts.

Massachusetts Appeals statute, that a certain action prior to revival. Driftway South App. 954, 437. Moreover, by its a, shows that, formally stands, during the been dissolved. Salvato v. Di Mass. 305, 108. Relying on of the corporation for the purposes of the element plainly Section 102 of on by a dis- of its revival in 1982 to play, and effect to the of appellant's

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case was orally argued before the Board on June 15, 1983. Though the fact of Mrs. Mitchell's non-appearance in Illinois had been discussed before the Board, the motion for involuntary dismissal was not filed until June 17, 1983 (after the hearing and some eight months after Mrs. Mitchell's non-appearance). The Board certainly did not abuse its discretion in holding that such a belated motion, calling for the drastic sanction of dismissal almost at the end of the case,⁷ was untimely.

V

[9,10,11,12] We can very briefly dispose of appellant's four other points. First, there is no doubt that the Board ruled on all of appellant's claims as to the inadmissibility of certain evidence, and we have no reason to fault the Board's consideration of that evidence, especially since appellant has not shown prejudice to it from that consideration. Second, it is settled that appellant's attempt to interject the possibility of a concurrent use proceeding in connection with this cancellation proceeding is unavailing. *Rosso and Mastracco, Inc. v. Giant Food, Inc.*, 720 F.2d 1263, 1266, 219 USPQ 1050, 1053 (Fed. Cir. 1983); *Mother's Restaurant, Inc. v. Mama's Pizza, Inc.*, 723 F.2d 1566, 1573, 221 USPQ 394, 400 (Fed. Cir. 1983); *Selfway, Inc. v. Travelers Petroleum, Inc.*, 579 F.2d 75, 198 USPQ 271 (CCPA 1978). Third, appellant says that appellee has failed to prove actual pecuniary damage but it is plain that that requirement is not a prerequisite in a cancellation proceeding, but merely that the cancellation petitioner should have a "real interest" — obviously present here because appellee has long been using a virtually identical mark for the same type of restaurant service. See *International Order of Job's Daughters v. Lindeburg & Co.*, 727 F.2d 1087, 1091-92, 220 USPQ 1017, 1020 and cases cited (Fed. Cir. 1984). Fourth, it is likewise irrelevant in this cancellation proceeding that others (without federal registrations) may possibly have been using the same mark for the same purposes. "The conflict here is between petitioner [appellee] and respondent [appellant] and not between petitioner and the world." *Krug Vins Fins de Champagne v. Rutman Wine Co.*, 197 USPQ 572, 574-75 (TTAB 1977). Cancell-

⁷ If the motion to compel Mrs. Mitchell to testify in Illinois had been timely made, and the Board had determined that she was required to testify in Illinois on mere notice, appellee would have had the opportunity to remedy the default.

tion may be sought and obtained if appellee has shown that it has rights superior to appellant. See *Selfway, Inc. v. Travelers Petroleum, Inc.*, supra, 579 F.2d 75, 198 USPQ 271 (CCPA 1978).

For these reasons, the decision of the Board is affirmed.

Affirmed.

Court of Appeals, Seventh Circuit

Hyatt Corporation v. Hyatt Legal Services et al.

No. 83-1687

Decided June 11, 1984

TRADEMARKS

1. Infringement — In general (§67.431)

Owner of mark must show that alleged infringer is using same or similar mark in way that is likely to cause confusion or to cause mistake, or to deceive, to show infringement.

2. Courts of Appeals — Weight given findings of District Court — Trademark and unfair competition cases (§29.357)

Likelihood of confusion is question of fact and is therefore subject to clearly erroneous rule.

3. Statutes and treaties (§67.80)

Injunction must be granted, under Illinois Anti-Dilution Act, if prior user can show that mark is distinctive and subsequent user's use dilutes that distinctiveness; neither competition between users nor confusion need be shown; injunction may also be granted if prior user shows likelihood of injury to reputation.

4. Marks and names subject to ownership — Secondary meaning (§67.523)

Finding that name is reasonably common does not preclude finding that name used as mark is distinctive; factors bearing on mark's distinctiveness include length of time mark has been used, scope of advertising and pro-